

Public Hearing

Agenda Item #	3
Meeting Date	5/9/05
Prepared By	Wayne Hobbs
Approved By	Barbara B. Matthews City Manager

Discussion Item	Constant Yield Tax Rate
Background	<p>Pursuant to Maryland State Law, the constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the constant yield tax rate decreases. When a taxing authority plans to impose a tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing. If the taxing authority plans to set a tax rate at the current level, but above the constant yield tax rate, it must be advertised and a hearing must be held.</p> <p>The real property tax rate must be set at the constant yield tax rate hearing, OR at a later time if announced at the time of the hearing. The tax rate is adopted as part of the overall budget. An ordinance setting the tax rate is scheduled for adoption at the same time as the budget ordinance is adopted.</p> <p>Notice of the Constant Yield Tax Rate public hearing was published, as required by State Law, in the May 2005 edition of the City's <i>Newsletter</i>.</p>
Policy	The City Council provides notice and holds a public hearing as required by State law.
Fiscal Impact	The FY 05 property tax rate is \$0.66 per \$100 of assessed real property. The City Manager's proposed budget assumes a real property tax rate of \$0.645 per \$100 of assessed real property. This rate is 8% higher than the constant yield tax rate of \$0.597 per \$100 of assessed real property and will generate \$552,184 in additional property tax revenues.
Attachments	Official notice of public hearing and proposed property tax increase.
Recommendation	Conduct public hearing on the proposed tax rate.
Special Consideration	

**CITY OF TAKOMA PARK NOTICE
OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The Council of the City of Takoma Park, Maryland proposes to increase real property taxes.

1. For the tax year beginning July 1, 2005, the estimated real property assessable base will increase by 10.6% from \$1,040,368,310 to \$1,150,381,811.
2. If the City of Takoma Park maintains the current tax rate of \$0.660 per \$100 of assessment, real property tax revenues will increase by 10.6% resulting in \$726,089 of new real property tax revenues.
3. In order to fully offset the effect of increasing assessments, the real tax property tax rate should be reduced to \$0.597, the constant yield tax rate.
4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.645 per \$100 of assessment. This tax rate is 8% higher than the constant yield tax rate and will generate \$552,184 in additional property tax revenues.

A general public meeting on the proposed tax rate increase will be held at 7:30 p.m. on Monday, May 9, 2005, in the Council Chambers of the Municipal Building at 7500 Maple Avenue, Takoma Park, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call Jessie Carpenter, Acting City Clerk at 301-891-7267 for further information.